

Impact Investing Policy

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Impact investing at the Office of Investment Management (OIM) of the UNJSPF

Progress to achieving the United Nations Sustainable Development Goals (SDGs) by 2030, as envisioned by the 2030 Agenda set forth by the General Assembly in 2015, stands at a crossroads. The estimated investment shortfall has increased over 60 per cent from a pre-pandemic figure of USD 2.5T to 4.2 in 2024.¹ Systemic social and environmental risks, alongside reversals of development gains in the least developed countries (LDCs), increasingly jeopardize the peace and prosperity of the global population.

The financial sector must increase its contribution to closing this funding gap, while mitigating negative impacts on people and the planet. Universal asset owners, such as the United Nations Joint Staff Pension Fund (UNJSPF, "the Fund"), are well positioned to make outsized contributions by leveraging their influence to shift capital markets towards sustainability. Accomplishing this entails intentionally factoring systemic social and environmental risks into investment decision-making and identifying specific opportunities for contributing to solutions.

On 24 December 2021, the General Assembly of the United Nations adopted Resolution 76/246, requesting that the Fund explore impact investing across all its asset classes. The Fund has since actively built our impact investing portfolio and worked at the forefront of driving positive change through strategic investments. The UNJSPF aims to promote sustainable practices by expanding our impact investing portfolio to drive positive social and environmental investments, without compromising investment portfolio risk-adjusted returns. This document summarizes the Fund's approach to impact investing and the steps we take to identify and monitor impact investing opportunities.

The Fund subscribes to the [Global Impact Investing Network's \(GIIN\)](#) definition of impact investing: "investments with the intention to achieve positive, measurable social and environmental outcomes alongside competitive financial returns." This definition guides OIM's approach to seeking out investments that address global environmental and social challenges. These investments must exceed or achieve the Fund's investment return targets while demonstrating measurable environmental and/or social contributions.

Impact investing is an integral part of the Fund's five-pillar Responsible Investment strategy, focusing on creating intentional and measurable mission-driven change. While impact investing goes beyond ESG management by seeking investments with clear positive environmental or social outcomes, ESG remains a foundational element of the impact process. ESG due diligence, materiality assessment and reporting are essential tools used to identify and mitigate risks while pursuing impact objectives.

¹ United Nations, "New UN report calls for trillions more in development investment to rescue Sustainable Development Goals" (2024)

UNJSPF's Approach to Impact Investing

Our goal is to use impact investing as an instrument to positively contribute to social and environmental factors alongside a financial return, aligning our investments with the UN Sustainable Development Goal (SDGs). The Fund's impact investments focus on key impact themes to promote a better society and healthier planet. These investments are evaluated based on specific KPIs and criteria to track social or environmental outcomes.

Our focus areas: Impact themes

We focus on the below four themes to guide impact investments globally.

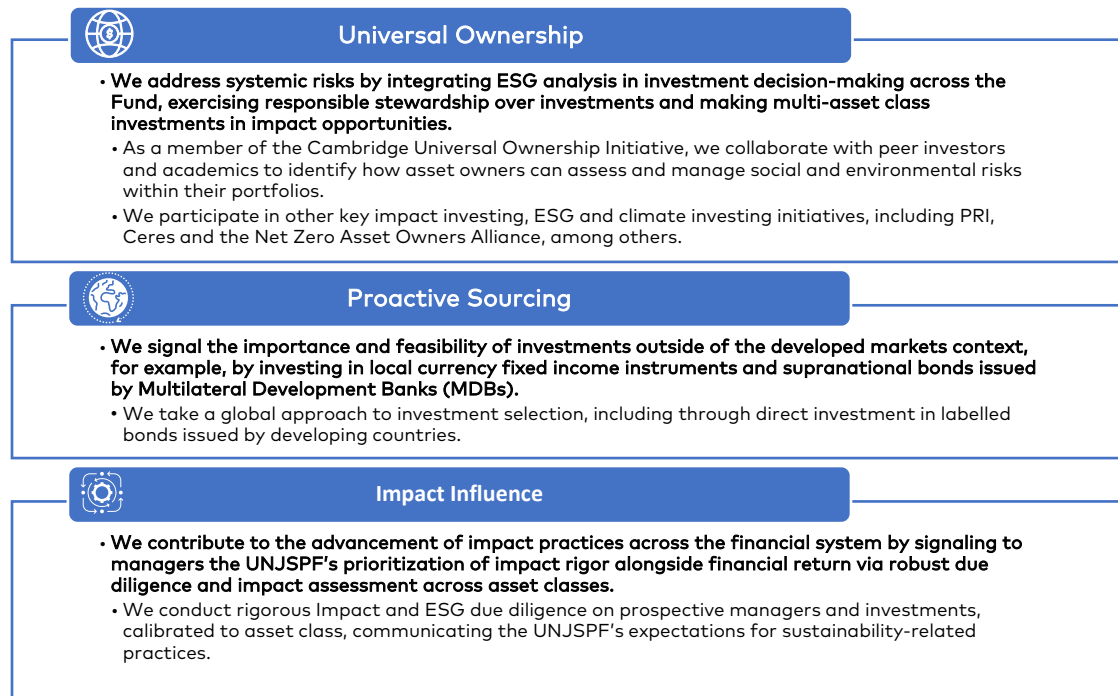
Focus areas	Illustrative sub-themes	SDGs Addressed
Climate & energy	<i>Renewable energy</i> <i>Alternative fuels</i> <i>Clean mobility</i> <i>Battery storage</i> <i>Green buildings</i> <i>Built environment</i> <i>Infrastructure</i> <i>Adaptive capacity</i>	 
Natural resources	<i>Water management</i> <i>Circular economy</i> <i>Waste infrastructure</i> <i>Sustainable agriculture</i> <i>Biodiversity</i> <i>Pollution prevention</i>	   
Fundamental needs & infrastructure	<i>Access to affordable and quality healthcare</i> <i>Affordable housing</i> <i>Food security</i> <i>Resilient infrastructure</i>	   
Community empowerment & development	<i>Financial inclusion</i> <i>Access to quality education</i> <i>Quality jobs and employment</i>	  

UNJSPF's contribution

As a universal asset owner with a global mandate and a long-term horizon, the UNJSPF is uniquely positioned to drive systemic change. To capitalize on this opportunity, in addition to allocating capital, we seek to shape impact investment practices across the

industry. This applies across our portfolio, that is, public and private markets, equity and fixed income, and is adapted to the tools and levers available within each asset class.

We define our contribution by three pillars:



Assessing impact investing opportunities

To capture the broad spectrum of opportunities in impact investing while acknowledging the nascent nature of the industry, we group investments into two categories: **Impact-aligned** and **Impact-centred**.

- **Impact-aligned:** investments seeking competitive risk-adjusted returns through SDG-aligned activities, with demonstrated ability to measure at least one impact KPI.
- **Impact-centred:** investments seeking competitive risk-adjusted returns by contributing to and measuring specific SDG-aligned outcomes. These are evidence-backed impact opportunities aligned with the SDGs, with strong measurability and accountability measures in place.

This approach enables us to engage with evolving impact opportunities while maintaining a clear framework to assess and enhance impact over time.

We use three criteria in impact screening and assessment to identify the most relevant impact investment opportunities:

1. **Intentionality** towards positive social and/or environmental contributions and alignment with the UNJSPF's impact themes
2. **Management** and measurability of impact and returns, using suitable sector- and theme-specific KPIs that are continuously updated
3. **Impact risk** management through strong governance and operating procedures for maintaining responsible practices and avoiding negative externalities

Intentionality

We establish impact based on a company's intention to positively contribute to social and/or environmental good.

Through our impact screening and assessment, we aim to identify opportunities with a clearly defined impact strategy aligned with our focus themes, and a theory of change. We look for use of robust measurements to show commitment to impact through recognised frameworks such as GIIN or Impact Management Project (IMP) within the investment process.

Management

When evaluating an impact opportunity, we assess how comprehensively the investment integrates the targeted outcome into the impact management approach, including impact measurement and reporting. We look for measurable indicators and targets in line with the investment's impact objectives. Measuring outcomes ensures transparency and the ability to assess whether investments are achieving their intended social or environmental outcomes. It allows us to move beyond intention and demonstrate actual results, providing evidence of success or areas for improvement.

To ensure robust measurability, we look for clearly defined KPIs that align with our chosen impact themes and frameworks, such as the SDGs or IRIS+. These KPIs should be specific, relevant and measurable, capturing both outputs (e.g., the number of beneficiaries or renewable energy capacity installed) and outcomes (e.g., improvements in community health or reductions in carbon emissions).

Impact Risk

In addition to delivering its intended impact, an impact investment should do no significant harm relative to other SDG-aligned outcomes and demonstrate the ability to manage any negative impact risks through documented safeguards and/or governance. To support this, we assess ESG practices to ensure investments align with global standards and uphold ethical principles. This includes assessing whether companies and projects adhere to frameworks such as the UN Global Compact, OECD Guidelines and other relevant international benchmarks.

Key impact risk considerations include respecting ethical standards, avoiding harm through the "Do No Significant Harm" (DNSH) principle and ensuring that there are no significant controversies related to ESG issues. If controversies arise, we look for

evidence of robust mitigation efforts, clear remediation plans and transparency in addressing these challenges.

We also aim to identify and mitigate negative externalities, to ensure that investments do not unintentionally cause social or environmental harm. By embedding ESG analysis throughout the investment process, we ensure that our investments reflect the highest level of responsibility and alignment with our impact objectives.

Monitoring & reporting

Post-execution impact measurement, engagement and reporting allow us to robustly document OIM's impact performance against the targeted impact objectives and SDGs.

Monitoring

Monitoring entails a thorough review of the financial and impact performances of an investment to ensure interests remain aligned and objectives are on track. To help fulfil its impact objectives, OIM monitors impact in two ways:

- **Impact generated through investments**
We hold ongoing conversations with managers and companies to discuss share expectations as investors. Additionally, we require updated reporting of KPIs to assess impact outcomes.
- **Engagement with managers**
Where possible and necessary, OIM will engage in conversations with fund managers or companies to help them improve their impact practices and reporting.

Reporting

OIMs aims to publish a yearly Impact Report, based on impact measured and achieved by our underlying investments. The impact report shall align with industry standards and impact measurement and management best practices, including alignment with the UN SDGs.

Governance and responsibilities

Impact screening and assessment is conducted collaboratively by investment officers and the Responsible Investment team (RIT). Investment officers screen for opportunities against OIM's three Impact criteria, which the RIT reviews and validates.

The RIT also conducts a thorough impact due diligence and assessment, which is shared with the relevant investment officers to help guide decision-making.

Investment due diligence and sourcing best practices apply equally to both traditional investing and impact-oriented investment opportunities. The governance of impact investments follows the same structure as non-impact investments, wherein the Private Markets Committee (PMC) and the Internal Investment Committee (IIC) are

the main bodies that discuss potential investments, following their respective Terms of Reference.



UNJSPF

United Nations Joint
Staff Pension Fund